

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
FINANCIAL STATEMENTS  
MARCH 31, 2006

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Venice Township	County Shiawassee
Fiscal Year End March 31, 2006	Opinion Date April 30, 2007	Date Audit Report Submitted to State Dec 14, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

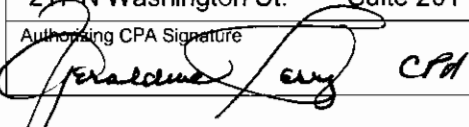
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Demis and Wenzlick, PC		Telephone Number 989-723-8227	
Street Address 217 N Washington St. Suite 201		City Owosso	State MI
Zip 48867			
Authorizing CPA Signature  CPA		Printed Name Geraldine Terry	License Number 1101026880

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
MARCH 31, 2006

ELECTED OFFICIALS

Kevin S. Kingsbury

Supervisor

Jeffrey P. Fitzgerald

Clerk

Kristina K. Hurd

Treasurer

William Hurd, III

Deputy Treasurer

Thomas Kildea

Trustee

Edward S. Rivette

Trustee

Ilene M. Stead

Assessor

VENICE TOWNSHIP  
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MARCH 31, 2006

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# DEMIS and WENZLICK, P.C.

*Certified Public Accountants*

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Jeanette Gaitskill  
Kathy Kimmerer  
Erica Marks  
Janis K. Mead  
Tammy Pappas  
David Pullen  
Vicki E. Schuler  
Joyce M. Simmons  
Barbara Wenzlick

## Independent Auditors' Report

Board of Trustees  
Venice Township  
Shiawassee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Venice Township as of and for the year then ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Venice Township as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The introductory section and the other supplemental information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Domin and Leong, Inc.*

Certified Public Accountants

April 30, 2007

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

## VENICE TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Venice Township's (the Township's) financial performance and position, providing an overview of the activities for the year ended March 31, 2006. This analysis should be read in conjunction with the Independent Auditors Report and with the Township's financial statements, which follow this section. The fiscal year ended March 31, 2006 represents the first year the Township has reported under the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as amended by GASB Statement No. 37 Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments – Omnibus and Statement No. 38 Certain Financial Statement Note Disclosures. Therefore, this discussion and analysis does not provide comparisons with previous years.

### **Financial Results**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2006:

- State shared revenue, one of our largest revenue sources in the General Fund, increased approximately \$1,461.
- Landfill tipping fees, our second largest revenue source in the General Fund and the largest source in our Revolving Improvement Fund, increased \$3,724 in General Fund and \$5,680 in Revolving Improvement Fund. On a Township basis, this represents an approximate overall increase of 3.8% over the prior year.
- The fund balance of the Township's General Fund increased slightly (\$396) to \$111,497.

### **Using this Annual Report**

This annual report consists of a series of financial statements. The state of net assets and the statement of activities provide information about the activities of Venice Township as a whole and represent a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of provided government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of Venice Township in more detail than the government-wide financial statements by providing information about the Township's most significant funds.



VENICE TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Township as a Whole**

The following table shows, in a condensed format, the net assets of the Township as of March 31, 2006:

Current Assets	\$ 844,808
Non Current Assets/Long-Term	46,600
Capital Assets	<u>1,852,662</u>
Total Assets	<u>\$2,744,070</u>
Current Liabilities	\$ 138,946
Non-Current Assets/Long-Term	<u>222,572</u>
Total Liabilities	<u>\$ 361,518</u>
Net Assets	<u>\$2,382,552</u>

The following table shows the change in net assets for the year ended March 31, 2006:

Program Revenues	
Charges for Services	\$ 50,788
Donations	4,000
General Revenues	
State Shared Revenues	145,612
Land Tipping Fees	257,683
Property Tax/Special Assessments	81,049
Metro Act Funds	3,971
Franchise Fees	5,970
Other General Revenues	<u>18,662</u>
Total Revenues	<u>\$ 567,735</u>
Program Expenses	
General Government	\$ 220,878
Public Safety (Fire)	72,597
Sewer	<u>45,123</u>
Total Expenses	<u>\$ 338,598</u>
Change in Net Assets	<u>\$ 229,137</u>

## VENICE TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Governmental Activities**

The Township's governmental revenues totaled \$567,735 with the greatest revenue sources being state shared revenues and landfill tipping fees, making up approximately 72 percent of total revenues.

The Township incurred expenses of \$338,598 during the year. The majority of the expenses are associated with the general government and public safety functions, as well as the expenses of the Sewer Funds.

### **The Township's Funds**

The analysis of the Township's governmental funds begins on Page 4 following the government-wide financial statements. The fund financial statements provide detailed information about all the general government funds. The analysis of the Sewer Enterprise Funds is presented separately. Venice Township's Board of Trustees has the ability to create funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millages and special assessments.

The General Fund pays for the majority of the Township's governmental services. The Fire Funds pay for the purchase of equipment, fire wages, insurance, etc. The General Fund paid \$75,167 for road maintenance during the year. Also, the General Fund makes the principal and interest payments on the Township Hall/Fire Hall loan which amounted to \$140,000.

### **General Fund Budgetary Highlights**

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budget amendments were made to cover the expected decrease in state shared revenue. However, because all departments came in under budget at year-end, there was an overall favorable budget to actual variance of \$143,000.

### **Capital Assets**

At the end of the fiscal year, the Township had approximately \$1,952,911 (valued at historical cost) in assets which includes building, land, furniture, equipment, fire equipment, fire vehicles, office equipment and software. Accumulated depreciation recorded for the general township assets was \$934,079. The Sewer Enterprise Fund assets were approximately \$1,157,874 (valued at historical cost). Accumulated depreciation record for Sewer Enterprise Funds assets was \$324,045.

VENICE TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Current Economic Factors**

Revenue sharing is the most significant budgetary concern at this time. The State of Michigan is experiencing significant budget problems, and as they look for solutions, revenue sharing continues to be under attack.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we encourage you to contact a Township Official at the Township Hall at (810) 621-4096.

**BASIC  
FINANCIAL STATEMENTS**

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
MARCH 31, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and Investments	\$ 660,738	\$ 40,461	\$ 701,199
Receivables (Within One Year)	100,497	25,090	125,587
Due from Other Governments	17,445	577	18,022
Capital assets not being depreciated	5,874	0	5,874
Capital assets being depreciated, net	1,012,958	833,830	1,846,788
Other Non-Current			
Due beyond one year	<u>32,250</u>	<u>14,350</u>	<u>46,600</u>
TOTAL ASSETS	<u>\$1,829,762</u>	<u>\$914,308</u>	<u>\$2,744,070</u>
Liabilities			
Accounts Payable	\$ 11,807	\$ 2,836	\$ 14,643
Accrued Liabilities	2,680	0	2,680
Unearned Revenue	0	14,480	14,480
Notes Payable – Due Within one year	107,143	0	107,143
Noncurrent Liabilities:			
Due beyond one year	<u>222,572</u>	<u>0</u>	<u>222,572</u>
TOTAL LIABILITIES	<u>\$ 344,202</u>	<u>\$ 17,316</u>	<u>\$ 361,518</u>
Net Assets			
Invested in Capital Assets			
(Net of Related Debt)	\$ 689,117	\$833,830	\$1,522,947
Restricted for:			
Sanitation			
Debt Service			
Capital Projects			
Public Utilities			
Unrestricted	<u>796,443</u>	<u>63,162</u>	<u>859,605</u>
TOTAL NET ASSETS	<u>\$1,485,560</u>	<u>\$896,992</u>	<u>\$2,382,552</u>

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government:				
Governmental Activities:				
General Government.	\$220,878	\$ 3,281	\$ 0	\$(217,597)
Public Safety	<u>72,597</u>	<u>7,906</u>	<u>4,000</u>	<u>(60,691)</u>
Total Governmental Activities	<u>\$293,475</u>	<u>\$11,187</u>	<u>\$ 4,000</u>	<u>\$(278,288)</u>
Business Type-Activities:				
Water & Sewer	\$ 45,123	\$39,601	\$ 0	\$ (5,522)
Total Business-Type Activities	<u>\$ 45,123</u>	<u>\$39,601</u>	<u>\$ 0</u>	<u>\$ (5,522)</u>
Total Primary Government	<u>\$338,598</u>	<u>\$50,788</u>	<u>\$ 4,000</u>	<u>\$(283,810)</u>

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
STATEMENT OF ACTIVITIES (CONCLUDED)  
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Changes in Net Assets			
Net (Expense) Revenue	<u>\$ (278,288)</u>	<u>\$ (5,522)</u>	<u>\$ (283,810)</u>
General Revenues:			
Property Taxes/Special Assessments	\$ 81,049	\$ 0	\$ 81,049
State Shared Revenue	149,583	0	149,583
Landfill Tipping Fees	257,683	0	257,683
Franchise Fees	5,970	0	5,970
Other Miscellaneous Income	3,183	0	3,183
Unrestricted Investment Earnings	<u>14,543</u>	<u>936</u>	<u>15,479</u>
Total General Revenues	<u>\$ 512,011</u>	<u>\$ 936</u>	<u>\$ 512,947</u>
Change in Net Assets	\$ 233,723	\$ (4,586)	\$ 229,137
Net Assets, Beginning Of Year	<u>1,251,837</u>	<u>901,578</u>	<u>2,153,415</u>
Net Assets, End of Year	<u>\$1,485,560</u>	<u>\$896,992</u>	<u>\$2,382,552</u>

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Revolving Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash & Cash Equivalents	\$ 92,311	\$ 64,162	\$443,684	\$ 60,581	\$660,738
Due from Other Funds Unit	42,915	59,652	19,758	0	122,325
Due from Other Gov't Units - (Delinq Taxes)	<u>2,309</u>	<u>4,386</u>	<u>0</u>	<u>0</u>	<u>6,695</u>
TOTAL ASSETS	<u>\$137,535</u>	<u>\$128,200</u>	<u>\$463,442</u>	<u>\$ 60,581</u>	<u>\$789,758</u>
LIABILITIES & FUND BALANCES					
LIABILITIES:					
Accounts Payable	\$ 3,600	\$ 8,207	\$ 0	\$ 0	\$ 11,807
Accrued Interest Payable	2,680				2,680
Due to Other Funds	<u>19,758</u>	<u>0</u>	<u>2,070</u>	<u>0</u>	<u>21,828</u>
TOTAL LIABILITIES	<u>\$ 26,038</u>	<u>\$ 8,207</u>	<u>\$ 2,070</u>	<u>\$ 0</u>	<u>\$ 36,315</u>
FUND BALANCES:					
Unreserved	<u>\$111,497</u>	<u>\$119,993</u>	<u>\$461,372</u>	<u>\$ 60,581</u>	<u>\$753,443</u>
TOTAL FUND BALANCES	<u>\$111,497</u>	<u>\$119,993</u>	<u>\$461,372</u>	<u>\$ 60,581</u>	<u>\$753,443</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$137,535</u>	<u>\$128,200</u>	<u>\$463,442</u>	<u>\$ 60,581</u>	<u>\$789,758</u>

The accompanying notes are an integral part of these financial statements.



VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET  
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF  
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS  
MARCH 31, 2006

Fund Balances – Total Governmental Funds	\$ 753,443
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term non-current notes receivable applicable to the Township's governmental activities are not due and receivable in the current period and accordingly are not reported as fund assets. All assets both current and long-term are reported in the statement of net assets	43,000
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add: Capital Assets	1,952,911
Deduct: Accumulated Depreciation	(934,079)
Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net assets.	<u>(329,715)</u>
Net Assets of Governmental Activities	<u>\$1,485,560</u>

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2006

	General Fund	Fire Fund	Revolving Improvement	Other Gov't Funds	Total Gov't Funds
<b>REVENUES:</b>					
Property Taxes – Special					
Assessments	\$ 4,267	\$ 56,324	\$ 0	\$ 0	\$ 60,591
Administrative Fees	20,458	0	0	0	20,458
Charges for Services	500	7,905	0	0	8,405
Intergovernmental –State	149,583	0	0	0	149,583
Landfill Tipping Fees	151,601	0	106,082	0	257,683
Interest & Rent	3,544	994	9,974	1,913	16,425
Miscellaneous Other					
Revenues	7,576	6,477	0	0	14,053
Principal Payments –					
Fire Hall	<u>10,750</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,750</u>
<b>TOTAL REVENUES</b>	<b>\$348,279</b>	<b>\$ 71,700</b>	<b>\$116,056</b>	<b>\$ 1,913</b>	<b>\$537,948</b>
<b>EXPENDITURES:</b>					
General Government	\$111,909	\$ 0	\$ 0	\$ 0	\$111,909
Public Safety	0	57,661	0	0	57,661
Public Works	90,385	0	0	0	90,385
Debt Service:					
Principal	119,396	0	0	0	119,396
Interest	19,571	0	0	0	19,571
Capital Outlay	<u>2,108</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,108</u>
<b>TOTAL EXPENDITURES</b>	<b>\$343,369</b>	<b>\$ 57,661</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$401,030</b>
Revenues over (Under)					
Expenditures	\$ 4,910	\$ 14,039	\$116,056	\$ 1,913	\$136,918
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	\$ 0	\$ 4,514	\$ 0	\$ 0	\$ 4,514
Transfers Out	<u>(4,514)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,514)</u>
<b>TOTAL OTHER</b>					
<b>FINANCING SOURCES</b>					
<b>(USES)</b>	<b>\$ (4,514)</b>	<b>\$ 4,514</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Net Change in Fund					
Balances	\$ 396	\$ 18,553	\$116,056	\$ 1,913	\$136,918
Fund Balances					
April 1, 2005	<u>111,101</u>	<u>101,440</u>	<u>345,316</u>	<u>58,668</u>	<u>616,525</u>
<b>FUND BALANCES,</b>					
<b>MARCH 31, 2006</b>	<b><u>\$111,497</u></b>	<b><u>\$119,993</u></b>	<b><u>\$461,372</u></b>	<b><u>\$60,581</u></b>	<b><u>\$753,443</u></b>

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2006

Net change in fund balances – total governmental funds	\$136,918
Amounts reported for governmental activities in the statement of activities are different because:	
Payments received on long-term note receivable reported as revenue in the governmental fund statements increasing fund balance. Principle payments received reduce the asset in the statement of net assets and does not result in revenue on the statement of activities.	(10,750)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add: Capital outlay	38,472
Deduct: Depreciation expense	(50,313)
Repayment of installment purchase agreement principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. Principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	<u>119,396</u>
Change in net assets of governmental activities	<u>\$233,723</u>

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
MARCH 31, 2006

ASSETS:

Current Assets:

Cash and Investments \$ 40,461

Receivables:

Delinquent Usage Billings 17,103

Tap-Ins – Current 1,882

Due from Other Funds 6,105

Due from Other Governments 577

TOTAL CURRENT ASSETS \$ 66,128

CAPITAL ASSETS:

Utility Systems \$1,157,875

Less: Accumulated Depreciation (324,045)

NET CAPITAL ASSETS \$ 833,830

OTHER NON-CURRENT ASSETS:

Tap-in Contracts Receivable – Long-Term 14,350

TOTAL ASSETS \$ 914,308

LIABILITIES:

Current Liabilities:

Accounts Payable \$ 2,836

TOTAL CURRENT LIABILITIES \$ 2,836

OTHER NON-CURRENT LIABILITIES:

Deferred Tap-In Fees \$ 14,480

TOTAL NON-CURRENT LIABILITIES \$ 14,480

NET ASSETS:

Investment in Capital Assets \$ 833,830

Unrestricted 63,162

TOTAL NET ASSETS \$ 896,992

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2006

OPERATING REVENUES:	
Sewer Usage Fees	\$ 36,970
Interest – Tap-Ins	821
Tap Fees	<u>1,810</u>
TOTAL OPERATING REVENUES	<u>\$ 39,601</u>
OPERATING EXPENSES:	
Sewer Maintenance – Billings	\$ 23,685
Pump Station Expense	6,488
Depreciation	14,642
Other	<u>308</u>
TOTAL OPERATING EXPENSES	<u>\$ 45,123</u>
OPERATING INCOME (LOSS)	\$ (5,522)
NON-OPERATING REVENUES:	
Interest on Investments	<u>\$ 936</u>
TOTAL NON-OPERATING REVENUES	<u>\$ 936</u>
Change in Net Assets	<u>\$ (4,586)</u>
Net Assets, Beginning of Year	<u>901,578</u>
NET ASSETS, END OF YEAR	<u>\$896,992</u>

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED MARCH 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers and Users	\$32,313
Payments to Suppliers	<u>(29,656)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,657</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment Income – Interest	<u>\$ 937</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>\$ 937</u>
 NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	 \$ 3,594
 Cash and Cash Equivalents, Beginning of Year	 <u>36,867</u>
 CASH & CASH EQUIVALENTS, END OF YEAR	 <u>\$40,461</u>
 Statement of Net Asset Classification of Cash and Cash Equivalents	 <u>\$40,461</u>
 TOTAL CASH AND CASH EQUIVALENTS	 <u>\$40,461</u>

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
STATEMENT OF CASH FLOWS (CONCLUDED)  
PROPRIETARY FUND  
FOR THE YEAR ENDED MARCH 31, 2006

Reconciliation of Operating Income (Loss) to	
Net Cash Provided by Operating Activities:	
Operating Income	\$(5,522)
Adjustments to Reconcile Operating Income (Loss)	
to Net Cash Provided by Operating Activities:	
Depreciation	14,642
Changes in Assets and Liabilities:	
Receivables	(4,716)
Due from Other Funds	(5,960)
Due from Other Governments	3,388
Accounts Payable	825
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,657</u>

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Venice Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

**A – REPORTING ENTITY**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no component units that need to be included in the Townships annual report.

**B – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.



VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2006

**C - MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, income taxes, licenses, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Township reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**Fire Funds** – The Fire Special Revenue Funds are used to account for the tax millage levied to be used for the acquisition of fire equipment and providing of fire services.

**Revolving Improvement Fund** – Revolving Improvement Fund is used to account for monies set aside by the Township Board for future improvements within the Township.

The Township reports the following major proprietary fund:

The Sewer Fund is used to account for sewer services to the residents of the Township. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations and related debt service.

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2006

C – MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT  
PRESENTATION (CONTINUED)

The Township reports the following non-major fund:

Building Fund – The Building Fund is used to account for the financial resources used for construction of a township hall/fire hall.

Additionally, the government reports the following fund types:

Agency Fund – The tax collection fund is used to receive the Township's current tax and to distribute such monies to the local school districts, County and Township Funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to (to also) follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g. labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non-operating revenue. Operating expenses for proprietary funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2006

**D – ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Certificates of Deposit with a maturity date of three months or less are considered short term investments.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

Property taxes are levied on each December 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. At March 31, 2006 there were no prepaid items.

Capital Assets – Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Other Infrastructure	X to X years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2006

Compensated Absences (Vacation and Sick Leave) – the Township does not have a policy for paid vacation or sick leave. There are no expenditures recorded for sick leave or vacation pay.

Long-Term Obligations – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. Annual appropriated budgets are adopted for General, Special Revenue, Capital Projects Funds.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. (Alternative: Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.)

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the account of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investment and Deposit Risk:

Interest Rate Risk – State law limits the allowable investments and the maturities of some of the allowable investments as identified in the above list of authorized investments. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. In compliance with State law, the Township's investment policy limits investments to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not have specific limits in excess of state law on investment credit risk.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end \$646,560 of the Township's bank deposits of \$846,660 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Township does not have a policy for investment custodial credit risk. There were no investments held by the Township at year end.

Concentration of Credit Risk – State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Township's investment policy does not have specific limits in excess of state law on concentration of credit risk. There were no investments that exceeded 5% of the Township's total investments at year end.

At year end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Deposits</u>	<u>FDIC Insured</u>	<u>Uninsured</u>
Government-Wide Financial Statements:			
Checking	\$279,524	\$100,000	\$179,524
Savings	421,676	<u>100,000</u>	<u>321,676</u>
CASH & INVESTMENTS	<u>\$701,200</u>	<u>\$200,000</u>	<u>\$501,200</u>
Fiduciary Fund Financial Statements:			
Checking	\$145,046	\$ 0	\$145,046
Savings	<u>314</u>	<u>0</u>	<u>314</u>
	<u>\$145,360</u>	<u>\$ 0</u>	<u>\$145,360</u>

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2006

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2006 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	<u>\$ 5,874</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,874</u>
Capital Assets being Depreciated:				
Buildings	\$1,033,867	\$	\$	\$1,033,867
Furniture & Office Equipment	53,180	5,339		58,519
Public Infrastructure	60,306	32,595		92,901
Vehicles	646,824			646,824
Equipment – Fire	<u>114,385</u>	<u>540</u>	<u></u>	<u>114,925</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>\$1,908,562</u>	<u>\$ 38,474</u>	<u>\$</u>	<u>\$1,947,036</u>
Less Accumulated Depreciation for:				
Buildings	\$ (136,795)	\$ (24,245)	\$	\$ (161,040)
Furniture & Office Equipment	(41,892)	(4,376)		(46,268)
Public Infrastructure	(2,010)	(3,694)		(5,704)
Vehicles	(633,196)	(4,168)		(637,364)
Equipment – Fire	<u>(69,872)</u>	<u>(13,830)</u>	<u></u>	<u>(83,702)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>\$ (883,765)</u>	<u>\$ (50,313)</u>	<u>\$</u>	<u>\$ (934,078)</u>
Total Capital Assets being Depreciated, Net	<u>1,024,797</u>	<u>(11,839)</u>	<u></u>	<u>1,012,958</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$1,030,671</u>	<u>\$ (11,839)</u>	<u>\$</u>	<u>\$1,018,832</u>

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2006

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets being Depreciated				
Sewer System	<u>\$1,157,875</u>	<u>\$</u>	<u>\$</u>	<u>\$1,157,875</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>\$1,575,875</u>	<u>\$</u>	<u>\$</u>	<u>\$1,157,875</u>
Less Accumulated Depreciation for:				
Sewer System	<u>\$ (309,403)</u>	<u>\$ 14,642</u>	<u>\$</u>	<u>\$ 324,045</u>
Total Accumulated Depreciation	<u>\$ (309,403)</u>	<u>\$ 14,642</u>	<u>\$</u>	<u>\$ 324,045</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 848,472</u>	<u>\$ 14,642</u>	<u>\$</u>	<u>\$ 833,830</u>

Depreciation was charged to functions of the primary government as follows:

Governmental Activities:	
General Government	<u>\$32,315</u>
Public Service	<u>17,998</u>
Total Depreciation Expense-Governmental Activities	<u>\$50,313</u>
Business Activities:	
Sewer System	<u>\$14,642</u>
Total Depreciation Expense – Governmental Activities	<u>\$14,642</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at March 31, 2006 is as follows:

<u>Fund</u>	<u>Due From Receivable</u>	<u>Due To Payable</u>
General	<u>\$</u>	<u>\$19,758</u>
Fire	<u>2,070</u>	
Capital Improvement	<u>19,758</u>	<u>2,070</u>
	<u>\$21,828</u>	<u>\$21,828</u>

VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2006

NOTE 6 – SEWER FUND

On October 1, 1977, the Townships of Venice and Clayton and the Village of Lennon entered into a contract with Genesee County whereby the County agreed to finance the cost of acquisition of sanitary sewage facilities for the Townships and Village. Pursuant to this agreement, Genesee County issued \$1,960,000 of its bonds. The Township of Venice has completely paid off its portion of the bonds.

Subsequent to this, on January 30, 1979, the Township entered into an agreement with Genesee County for the operation and maintenance of the system on behalf of the Township. The agreement includes the handling of the billing process for both usage and connection by the County. In return, the Township agrees to pay fees to the County, as established, for these billings as well as fees for maintenance of the system and sewage treatment.

The contribution in aid of construction is amortized by the same method and over the same life as the assets are depreciated.

Property owners along with the South and North M-13 sewer extensions were assessed for the proportionate costs associated with the extensions. Interest is payable by the property owners at the same rate of interest as that paid by the township. The amount owed on this assessment at March 31, 2006 is \$14,480.

NOTE 7 – ROAD SPECIAL ASSESSMENT

During 1995, the Township approved road improvements to the Ganssley Subdivision. The total cost of the project, completed by the Shiawassee County Road Commission, was \$87,319. Venice Township was to be responsible for paying for \$28,815 and \$58,503 was to be paid by the subdivision property owners. Payments (including interest at 4%) were to be assessed yearly, for twenty years, on the tax roll.

As of March 31, 2006, the outstanding principal balance owed to the Township is \$20,475.

NOTE 8 – LONG-TERM DEBT

On April 1, 2002, the Township adopted a resolution to enter into an installment agreements with a local financial institution not to exceed \$750,000. The loan was authorized under P.A. Act 99, of 1933. Proceeds will be used to finance the building of a new fire and township hall.

The principal balance of the loan shall be repaid in twenty eight equal quarterly installments of \$26,785.72, plus accrued interest at the rate of 4.96%.



VENICE TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2006

NOTE 8 – LONG-TERM DEBT (CONTINUED)

The loan may be prepaid, in whole, on any payment date after May 1, 2007 at par plus accrued interest without a prepayment penalty.

Prepayments not to exceed \$15,000 per calendar year can be made with a thirty days notice.

The annual principal and interest requirements through maturity as of March 31, 2006, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$107,144	\$16,296	\$123,440
2007	107,144	10,983	118,127
2008	107,144	5,668	112,812
2009	<u>8,283</u>	<u>411</u>	<u>8,694</u>
	<u>\$329,715</u>	<u>\$33,358</u>	<u>\$363,073</u>

NOTE 9 – NOTES RECEIVABLE – VILLAGE OF LENNON

On June 9, 2003, the Township entered into an agreement with the Village of Lennon for the sale of the townships old fire hall to the Village. The purchase price is \$75,250 to be paid in seven equal installments of \$10,750 or more. The third payment was paid July, 2005 in the amount of \$10,750.00. the outstanding balance as of March 31, 2006 was \$43,000.

NOTE 10 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries and illnesses of employees; and natural disasters. The Township carries commercial insurance to cover any potential claims associated with these risks and has no claims that exceeded coverage during the past three years.

## REQUIRED SUPPLEMENTARY INFORMATION

VENICE TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED MARCH 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Special Assessments – Roads	\$ 2,500	\$ 2,500	\$ 3,847	\$ (1,347)
Trailer Tax	0	0	420	(420)
Administrative Fees	<u>500</u>	<u>500</u>	<u>20,458</u>	<u>(19,958)</u>
TOTAL TAXES	\$ 3,000	\$ 3,000	\$ 24,725	\$ (21,725)
Intergovernmental-State:				
State Revenue Sharing	\$ 95,000	\$ 95,000	\$145,612	\$ (50,612)
Metro Authority	0	0	3,971	(3,971)
Charges for Services:				
Property Split Fees	0	0	500	(500)
Cemetery Lot Sales	500	500	900	(400)
Hall Rentals	1,200	1,200	1,881	(681)
Interest	550	550	1,663	(1,113)
Miscellaneous Other:				
Landfill Tipping Fees	110,000	110,000	151,601	(41,601)
Cable Franchise	4,500	4,500	5,970	(1,470)
Refunds & Rebates	650	650	706	(56)
Principal Payment-Ltd.	<u>0</u>	<u>0</u>	<u>10,750</u>	<u>(10,750)</u>
TOTAL OTHER REVENUES	<u>\$212,400</u>	<u>\$212,400</u>	<u>\$323,554</u>	<u>\$(111,154)</u>
TOTAL REVENUES	<u>\$215,400</u>	<u>\$215,400</u>	<u>\$348,279</u>	<u>\$(132,879)</u>

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED MARCH 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES				
General Government:				
Township Board	\$ 13,175	\$ 13,525	\$ 10,391	\$ 3,134
Supervisor	7,849	8,340	8,030	310
Clerk	10,500	11,250	10,232	1,018
Board of Review	1,425	1,425	936	489
Treasurer	13,100	16,350	14,506	1,844
Assessor	15,340	16,290	14,983	1,307
Elections	6,700	6,700	643	6,057
Township Hall	22,100	22,850	17,454	5,396
Cemetery	21,500	21,500	9,096	12,404
Planning Commission	<u>14,100</u>	<u>14,100</u>	<u>3,979</u>	<u>10,121</u>
TOTAL GENERAL GOVERNMENT	\$125,780	\$132,330	\$ 90,250	\$ 42,080
Public Works:				
Street Lights	\$ 4,000	\$ 4,000	\$ 3,656	\$ 344
Highways, Streets & Bridges	80,000	80,000	75,168	4,832
Drains	<u>20,000</u>	<u>20,000</u>	<u>11,561</u>	<u>8,439</u>
TOTAL PUBLIC WORKS	\$104,000	\$104,000	\$ 90,385	\$ 13,615
Debt Service:				
Principal Payment – Building	\$ 0	\$ 0	\$119,396	\$ 0
Interest – Building	<u>0</u>	<u>0</u>	<u>19,571</u>	<u>0</u>
TOTAL DEBT SERVICE	\$145,000	\$145,000	\$138,967	\$ 6,033
Other:				
Equipment	\$ 6,000	\$ 6,000	\$ 2,108	\$ 3,892
Bank Fees & Other	0	0	150	(150)
Social Security	3,750	3,750	3,406	344
Insurance	<u>22,000</u>	<u>22,000</u>	<u>18,103</u>	<u>3,897</u>
TOTAL OTHER	<u>\$ 31,750</u>	<u>\$ 31,750</u>	<u>\$ 23,767</u>	<u>\$ 7,983</u>
TOTAL EXPENDITURES	<u>\$406,530</u>	<u>\$413,080</u>	<u>\$343,369</u>	<u>\$ 69,711</u>

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE – CONTINUED  
YEAR ENDED MARCH 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$(191,130)	\$(197,680)	\$ 4,910	\$(202,590)
OTHER FINANCING SOURCES (USES):				
Transfers In	\$ 55,000	\$ 55,000	\$ 0	\$ 55,000
Transfers Out	<u>0</u>	<u>0</u>	<u>(4,514)</u>	<u>4,514</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ 55,000	\$ 55,000	\$ (4,514)	\$ 59,514
Excess of Revenues over (under) Expenditures and Other Sources (Uses) of Funds	\$(136,130)	\$(142,680)	\$ 396	\$(143,076)
Fund Balance, April 1, 2005	<u>111,101</u>	<u>111,101</u>	<u>111,101</u>	<u>0</u>
FUND BALANCE MARCH 31, 2006	<u>\$ (25,029)</u>	<u>\$ (31,579)</u>	<u>\$111,497</u>	<u>\$(143,076)</u>

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE – FIRE SPECIAL REVENUE FUND  
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
REVENUES:				
Special Assessments – Maintenance	\$	\$	\$ 27,536	\$
Special Assessments – Equipment			28,788	
Charges for Services			7,905	
Interest			994	
Donations			4,000	
Other Revenue	<u>0</u>	<u>0</u>	<u>2,477</u>	<u>0</u>
TOTAL REVENUE	\$110,494	\$110,494	\$ 71,700	\$ 38,794
EXPENDITURES:				
Public Safety	<u>85,175</u>	<u>85,175</u>	<u>57,661</u>	<u>27,514</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 25,319	\$ 25,319	\$ 14,039	\$ 11,280
OTHER FINANCING SOURCES (USES):				
Transfers In	\$ <u>0</u>	\$ <u>0</u>	\$ <u>4,514</u>	\$ <u>6,766</u>
TOTAL OTHER FINANCING SOURCES & USES	\$ 0	\$ 0	\$ 4,514	\$ (4,514)
Net Change in Fund Balance	\$ 25,319	\$ 25,319	\$ 18,553	\$ 6,766
Fund balance, April 1, 2005	<u>101,440</u>	<u>101,440</u>	<u>101,440</u>	<u>0</u>
FUND BALANCE, MARCH 31, 2006	<u>\$126,759</u>	<u>\$126,759</u>	<u>\$119,993</u>	<u>\$ 6,766</u>

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE – REVOLVING IMPROVEMENT FUND  
YEAR ENDED MARCH 31, 2006

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUE:				
Landfill Yardage Fees	\$100,000	\$100,000	\$106,082	\$ (6,082)
Interest	<u>0</u>	<u>0</u>	<u>9,974</u>	<u>(9,974)</u>
TOTAL REVENUE	\$100,000	\$100,000	\$116,056	\$(16,056)
EXPENDITURES:				
Transfers Out	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 0</u>	<u>\$ 60,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 40,000	\$ 40,000	\$116,056	\$(76,056)
Fund Balance – April 1, 2005	<u>345,316</u>	<u>345,316</u>	<u>345,316</u>	<u>0</u>
FUND BALANCE, MARCH 31, 2006	<u>\$385,316</u>	<u>\$385,316</u>	<u>\$461,372</u>	<u>\$(76,056)</u>

The accompanying notes are an integral part of these financial statements.

## OTHER SUPPLEMENTARY INFORMATION



VENICE TOWNSHIP  
NON-MAJOR FUNDS  
BUILDING FUND  
BALANCE SHEET  
MARCH 31, 2006

ASSETS:

Cash	<u>\$60,581</u>
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LIABILITIES AND FUND BALANCE:

Fund Balance	<u>\$60,581</u>
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The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
NON-MAJOR FUNDS  
BUILDING FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
MARCH 31, 2006

		<u>2006</u>	
	<u>Budget</u>	<u>Actual</u>	Actual (Over) Under <u>Budget</u>
REVENUES:			
Interest Income	\$ 0	\$ 1,913	\$ (1,913)
TOTAL REVENUES	\$ 0	\$ 1,913	\$ (1,913)
EXPENDITURES	\$ 0	\$ 0	\$ 0
Excess of Revenues over (Under) Expenditures	\$ 0	\$ 1,913	\$ 0
OTHER SOURCES (USES) OF FUNDS:			
Transfer to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) OF FUNDS	<u>\$ 0</u>	\$ 1,913	<u>\$ (1,913)</u>
Fund Balance April 1, 2005		<u>58,668</u>	
FUND BALANCE MARCH 31, 2006		<u>\$60,581</u>	

The accompanying notes are an integral part of these financial statements.

VENICE TOWNSHIP  
BALANCE SHEET – FIDUCIARY FUNDS  
TAX COLLECTION FUND  
MARCH 31, 2006

ASSETS

2006

Cash	\$145,360
	<u>\$145,360</u>

LIABILITIES

Due to Other Funds	\$132,561
Due to Other Entities	8,088
Due to Taxpayers	<u>4,711</u>
	<u>\$145,360</u>

The accompanying notes are an integral part of these financial statements.



## DEMIS and WENZLICK, P.C.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

April 30, 2007

Board of Trustees  
Venice Township  
Shiawassee County, Michigan

We have audited the financial statements of Venice Township as of and for the year ended March 31, 2006, and have issued our report thereon dated April 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered Venice Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Venice Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Township's Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

*Domin and Delonghi, PC*

Certified Public Accountants

Owosso, Michigan



## DEMIS and WENZLICK, P.C.

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Board of Trustees  
Venice Township  
Shiawassee County, Michigan

In compliance with the provisions of Section 11, of Act 2, P.A. of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the examination our firm performed on the financial statements of Venice Township for the year ended March 31, 2006.

### GENERAL LEDGER AND CASH ACCOUNTS

The Township is currently using the Uniform Chart of Accounts required by the Michigan Department of Treasury for Local Units of Government for recording revenues and expenditures. Each fund has a separate cash account maintained by the clerk which should be reconciled at the end of the month with records maintained by the treasurer.

During our audit we noted cash accounts that were not in agreement with the balances recorded in the general ledger. The clerk and treasurer both independently reconcile all bank accounts. We recommend all accounts be reconciled with the general ledger.

### CASH RECEIPTS

All monies collected by the township should be receipted. Each receipt should have enough information to enable proper recording into the general ledger. We noted receipts with insufficient information for proper recording into the general ledger.

We noted instances of receipts with incomplete descriptions for the type of revenue which caused a mispostings in the general ledger. For example, a receipt for revenue sharing funds labeled as "various persons" was misposted to landfill fees.

We recommend all receipts for monies received clearly identify the type of revenue to allow for proper revenue account classification in the general ledger.

We would like to thank the staff of the Township and the Township Board for the excellent cooperation we received for this year's audit. Our firm would be most happy to assist you in any way toward implementing the above recommendations, or any other matter the board may wish to review with us.

Very truly yours,

*Demis and Wenzlick, P.C.*

Certified Public Accountants

We would like to thank the staff of the Township and the Township Board for the excellent cooperation we received for this year's audit. Our firm would be most happy to assist you in any way toward implementing the above recommendations, or any other matter the board may wish to review with us.

Very truly yours,

*Dann and Kengler, PC*

Certified Public Accountants